



Financial Guarantees For Residential Permits

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A DDES Customer Information Bulletin



King County Department of Development and Environmental Services
900 Oakesdale Avenue Southwest Renton, Washington 98055-1219

<http://www.metrokc.gov/ddes/>

Frequently Asked Questions

King County DDES has created customer information bulletins to inform the general public about the effect of codes and regulations on their projects. These bulletins are not intended to be complete statements of all laws and rules and should not be used as substitutes for them. If conflicts and questions arise, current codes and regulations are final authority. Because the codes and regulations may be revised or amended at any time, consult King County staff to be sure you understand all requirements before beginning work. It is the applicant's responsibility to ensure that the project meets all requirements of applicable codes and regulations.

What is a financial guarantee?

A financial guarantee (FG) is a form of financial security posted by the applicant for a project to ensure timely and proper completion of improvements and compliance with the King County Code (K.C.C.). It serves as a mechanism to warranty materials, workmanship of improvements, and design performance of structures and/or improvements. FGs include assignments of funds, cash deposits, surety bonds, or other forms of financial security acceptable to the Director of the Department of Development and Environmental Services (DDES).

What authorization does King County have to require financial guarantees?

King County Ordinance 12020 (K.C.C. Title 27A), adopted November 16, 1995, established the authority and procedures for accepting and enforcing FGs, with the intent of ensuring that development projects are completed and maintained in accordance with County approval conditions.

How are the values for these financial guarantees determined?

The amounts of the FGs are based on the schedules appropriate to the required work. Values on the bond quantity worksheet (BQW) are based on the R.S. Means construction costs data, adjusted for the Northwest Region, which are updated on a periodic and frequent basis to ensure that the amount fully captures work element costs. All FGs shall also include a contingency in an amount determined by the Director. The applicant or consultant will be provided with the appropriate BQW for the work that is required. The BQW will be completed by your consulting engineer or landscape architect, as applicable, AND verified by DDES against the approved plan.

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Who may post a financial guarantee?

Only the applicant/owner of the property may post a financial guarantee for any project. If you sell the project, it is the responsibility of the applicant/owner of the parcel to make arrangements for the new owner to replace the existing FGs. Until the FGs are replaced, the original owner remains responsible for completing the work.

How many financial guarantees will I need to post and when must I post them?

The number of FGs and the timing for posting them will depend on the project. If you have questions that are not answered by the following explanations, please contact the drainage engineers at 206-296-6600 to determine whether your project will require a right-of-way and a site restoration FG. You may contact the DDES Site Development Services Section at 206-296-6640 to determine whether or not your project will require a Sensitive Areas FG.

A Preliminary Issuance Construction Approval (PICA)/Section 309 authorization will require that an FG be posted before the PICA letter will be issued. This authorization may be granted for holders of permit applications that conform to Section 309 of the amended 1994 Uniform Building Code. Applicants must request a PICA in writing if they believe circumstances warrant approval of starting construction before approval and issuance of the building permit.

A Right-of-Way/Site Restoration FG is required for all work in an existing King County right-of-way and any work associated with erosion/sedimentation, drainage control, or restoration on the site. For this FG, the first \$7,500 must be posted in cash or an assignment of funds (refer to DDES Public Rules Chapter 9-04 for further clarification). The remainder of the FG may be cash, a surety bond, or an assignment of funds. The FG must be posted before the right-of-way permit or residential building permit will be issued and before any on-site work begins.

A Relocation FG is required before a building may be moved into or removed from unincorporated King County. A relocation investigation permit must be obtained first. The purpose of this permit is to determine, before relocation, if the building is in compliance with King County Codes or whether any corrections are required. Before a structure is relocated to a proposed site, a building permit shall be obtained. This FG is a minimum of \$5,000 and must be posted before a building permit is issued.

A Sensitive Areas FG is required for mitigation in sensitive areas pursuant to K.C.C. chapter 21A.24, in an amount sufficient to guarantee that all required mitigation measures are completed within the timeframe established by King County. A performance and maintenance guarantee shall also be required for restoration of a sensitive area or buffer not performed as part of a mitigation or maintenance plan, except that no FG shall be required for minor stream restoration carried out before the building permit is issued. The obligation to install, maintain, and monitor the mitigation measures set forth in the mitigation plan shall run with the land. Within 30 days following the execution of the Sensitive Areas Restoration Agreement, the applicant must provide proof that he/she has recorded a copy of the Agreement and its associated mitigation plan with the King County Department of Records and Elections. The recording shall be in addition to the Sensitive Areas: Notice on Title provisions required by K.C.C. 21A.24.170. Upon satisfaction of the terms of the Sensitive Areas Restoration Agreement, the applicant may request that the County file a notice of satisfaction with the King County Department of Records and Elections. This FG must be posted before the residential building permit is issued.

A Grading FG will be required if a Clearing and Grading Permit is needed for your site. See Bulletin #28 to determine whether your site development proposal is included in the exceptions, or if a permit will be required.

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When will my financial guarantee be released and what must I do to initiate the release?

The PICA/Section “309” FG will be released after the building permit has been issued and the work authorized under the PICA has been completed and inspected by DDES. The release of this FG is automatic after the terms for release have been completed. The **Relocation** FG will be released once the relocated structure has been brought to code on the new lot and a Certificate of Occupancy has been issued. The release of the FG is automatic after the terms for its release have been completed.

A Right-of-Way and/or Site Stabilization/Restoration and Site Development FG will be released after notice of final construction approval. Before this FG will be released, the site inspector must signify that all permit fees are paid to date, maintenance and defect guarantees (as applicable) are posted, and the development site has been inspected. In addition, the Director must give approval that the conditions and requirements of the permit, as specified in the FG, have been met and grant final construction approval, if applicable. The developer must request a final construction approval inspection. DDES will process the release automatically once these requirements are met.

The **Sensitive Areas** performance and maintenance/monitoring FG will be released after the mitigation has been completed, and DDES has inspected the site and determined that all work is satisfactory. The applicant is responsible for notifying the Department when the mitigation measures have been implemented. The Site Development Services staff will give the Financial Guarantees Management Unit (FGMU) written authorization for this release.

What happens if I fail to comply with any of the conditions and terms of the permits and/or approvals covered by the financial guarantee?

The Director or his/her designee will notify the applicant/guarantor and the surety of the default, in writing. Determination of default shall be made if an inspection indicates that improvements need to be corrected or completed. If satisfactory assurance is not received by DDES within a time period determined by the Director, the condition of default will be appropriately corrected. This process involves DDES filing a claim against the FG, whereby the surety company has the option of tendering the amount of the FG to DDES or arranging for completion of the conditions/requirements of the permit.

The guarantor will be held responsible, up to the limits of the FG, for payment of any and all costs and expenses that have been or will be incurred or expended by King County in completing any and all required work. If total costs associated with the required work exceed the amount of the guarantee, the applicant shall remain responsible to King County for the payment of any remaining amount. If a financial guarantee has been posted as an assignment of funds, the bank must surrender the funds within 10 days of notice from DDES that the requirements of the Agreement have not been fulfilled. If the FG was posted as cash, DDES will notify the guarantor that the funds will be transferred into the Bond Forfeiture Account.

Resources :

DDES Drainage Engineers	206-296-6600
Site Development Services Section	206-296-6640
Financial Guarantees Management Unit	206-296-7110



King County complies with the Americans with Disabilities Act (ADA). If you require an accommodation to attend a meeting (two weeks notice) or require this information in Braille, audiocassette, or large print, please call 206-296-6693 or TDD 206-296-7217.